Title: Societal Communication and Brand Equity

Abstract: Previous research on corporate social responsibility generally acknowledges that consumers develop more favourable perceptions of responsible firms. Yet few empirical works have focused on the effects of the firm's societal communication and of its characteristics on brand equity. In this paper we draw on Keller's (2003) brand equity framework to derive hypotheses and test them using an experiment on 200 university students. The findings suggest that societal communication supports brand equity building, which also depends on the perceived congruency between the firm and the cause it supports, societal consciousness and the interaction between perceived claim credibility and consumer scepticism.

Key Words: societal communication, brand equity, experiment

Track: Social Responsibility, Ethics and Consumer Protection

1- Purpose of the Research

As a multi-disciplinary concept, definitions of Corporate Social Responsibility (CSR) abound. In this research, we adopt the broad perspective proposed by the European Commission defining CSR as "*the firms' voluntary integration of social and environmental concerns to their commercial activities and relationships with their stakeholders*" (see Lapeyre & Bonnefont, 2005). The interest for CSR has already had a 50-year long tradition (Bowen, 1953) but has recently gained an important renewal. The evolutions of the legal context in certain countries (France, 2001) and consumers' increasing demand urge companies to think about a potential involvement in societal initiatives. According to a 2005 Sociovision Survey, 68% of people (*vs.* 55% in 1993) think "*firms should pay more attention to the impact of their actions on the environment, on social harmony, and on their employees' well-being*", and 42% of them (*vs.* 39% in 2003) "*buy environmentally-friendly products in priority*".

Since the 90's, the study of CSR has been inscribed in the general stakeholder theory (Clarkson, 1995; Donaldson & Preston, 1995), stating that firms allocate their resources and make decisions in order to satisfy stakeholders (shareholders, lobbies, employees, consumers…). Though largely ignored as stakeholders so far, consumers are now under focus, as they become a more critical and powerful pressure group under the influence of consumer movements or NGO (Greenpeace, Attac). Eventually, in a context where brands added value is increasingly challenged, societal communication can be a key strategic lever for brand management.

Thereby, societal communication currently begins to address consumers beyond its traditional financial targets, taking different forms from simply providing non technical information to turning firms involvement into the heart of brand positioning (Ben & Jerry's, "a coffee to act" by Jacques Vabre). In practice, firms usually speak about their societal involvement through corporate (Danone, Nestlé, Nike) or brand websites (The Body Shop, Natura Brasil), through relationship marketing tools (newsletters, consumer magazines, catalogues) or mass-media advertising (Carrefour and its outdoor advertising campaigns). Observing these different practices, academic research has begun to examine the effects of CSR actions on consumers.

Usually, consumer research studies postulate a strong (Folkes & Kamins, 1999; Mohr, Webb, & Harris, 2001; Swaen & Vanhamme, 2003, 2005) and asymmetric impact of societal actions. Damaging actions have a stronger impact than constructive ones on consumers' attitude towards the firm and its products, purchase intent and confidence towards the firm (Creyer & Ross, 1997; Mohr & Webb, 2005). If the negative impact of irresponsible acts is unambiguous, the positive effect of societal involvement is more controversial (Sen & Bhattacharya, 2001; Mohr & Webb, 2005). Indeed, it is observed on the attitude towards the firm, but not systematically on the attitude towards the product or purchase intent (Brown & Dacin, 1997; Swaen & Vanhamme, 2003).

In summary, previous studies have focused on company or product perceptions, and few research works have investigated the impact of CSR at the brand level. Brand is an intermediate level between company (to which CSR associations seem to transfer) and product (to which transfers appear more complex) and may be a relevant link for better understanding of the effects of CSR involvement. Even though several researchers have put forward the suggestion that societal communication can actively build brand equity (Hoeffler & Keller, 2002; Keller, 2003; Bhattacharya, Smith, & Vogel, 2004), they have never tested it. Using a between-subjects experimental design, the purpose of this paper is to make a start to test this hypothesis and to investigate the specific effects of individual and societal communication characteristics.

2- Conceptual Framework

We draw on the cognitive customer-based approach proposed by Aaker (1994) and Keller (2003) and define brand equity as "*the differential effect that brand knowledge has on consumer response to the marketing of that brand*" (Keller, 2003). Brand knowledge is composed of brand attention and brand image (Keller, 2003), as well as brand loyalty and perceived quality in Aaker's close perspective (1994). Any change in the marketing-mix that influence brand attention or brand associations (e.g., communication activities and possible alliances with other brands, events, causes or endorsers) can therefore modify their brand equity (Krishnan, 1996; Keller, 2003; Yoo, Donthu, & Lee, 2000). In the present research, we study the impact of societal communication and of its characteristics on brand equity.

Relying on the general mechanism of brand equity building through communication and brand alliances described earlier (Keller, 2003), Hoeffler & Keller (2002) specifically discuss, at a pure theoretical level, the impact of corporate societal marketing (CSM) on cognitive customer-based brand equity. They argue that CSM can bolster brand awareness, at least brand recognition, such as with sponsorship or other indirect brand-building communications by making brand more prominent in the consumer's mind. More important, CSM can enhance brand image by generating new abstract associations, associations to the cause itself, associations related to an idealized brand user, or associations related to brand personality (the brand may appear as more sincere, caring, genuine). Abstract associations are particularly important to build brand equity as they exhibit a better transferability (Park, Milberg, & Lawson, 1991). Relying on these arguments, we postulate the following hypothesis:

H1: Societal communication has a positive impact on brand equity.

Societal consciousness qualifies the tendency for the consumer to purchase "*products and services which he/she perceives to have a positive (or less negative) impact on the environment or uses his/her purchasing power to express current social concerns*" (Roberts, 1995). In previous research works, societal consciousness has been considered as a moderator of the influence of societal marketing on the firm evaluation (Sen & Bhattacharya, 2001) or on the intention to endeavour a responsible behaviour (Mohr et al., 2001; Mohr & Webb, 2005; François-Lecompte, 2006). Conscious consumers will pay attention to societal claims and will engage in a deeper cognitive treatment: more brand associations will be inferred and they will be clearer and more precise. This will then have a positive impact on the strength of brand associations. Furthermore, as these consumers support societal initiatives, the favourability of these associations is also supposed to be higher. As brand associations strength and favourability are key dimensions of brand equity (Keller, 2003), we propose H2:

H2: In case of societal communication, societal consciousness increases perceived brand equity.

Cause-related communication efficiency depends on brand legitimacy to endorse the cause (Capelli & Sabadie, 2005), on the firm's core-business and the nature of donation (Ellen, Mohr, & Webb, 2000), and overall on brand-cause congruency (Sen & Bhattacharya, 2001;). Congruency is conceptualized as the degree to which two elements of a pair are perceived as well assorted. In case of high congruency between a brand and the cause it supports, consumers will infer more associations (Becker-Olsen, Cudmore, & Hill, 2006) that will be clearer and less ambiguous (Hoeffler & Keller, 2002; Erdem & Swait, 1998). We will then test H3:

H3: In case of societal communication, perceived congruency between the brand and the cause it supports increases perceived brand equity.

Besides, communication efficiency depends on perceived societal information credibility (Erdem & Swait, 1998). Information coming from a commercial source is less credible than the same information coming from an independent organization (Mohr et al., 2001) or from a consumers organization (Swaen & Vanhamme, 2005). Less credible information can therefore influence consumers' decision to interpret and encode the message related to societal involvement. This can prevent the constructions of strong associations. Perceived credibility appears then as a necessary condition to build brand equity as we propose in H4.

H4a: In case of societal communication, perceived societal information credibility increases perceived brand equity.

Obermiller and Spangenberg (1998) have defined consumer scepticism as "*a trait that predisposes individuals to doubt the veracity of various forms of marketing communication, including advertising and public relations*". As opposed to cynic consumers, sceptical consumers do not disbelieve every claim and may be convincible depending on the source or message characteristics, prior knowledge… Facing non credible and non checkable societal information, high sceptics may wonder about the motives of the source of this information and perceive manipulative intent, which may result in an increase in counterarguing and resistance to persuasion (Folkes, 1988; Ford, Smith, & Swasy, 1990; Campbell, 1995). This finally erodes attitudes towards brand or advertiser. On the contrary, facing credible societal information, high sceptics, who are more involved in the information processing, may encode the message in a deeper way and build stronger associations and brand equity. As opposed to high sceptics, less sceptical consumers are supposed to exhibit a more monotonic response to perceived credibility in terms of attitudes in general and brand equity in particular. Therefore, we postulate H4b:

H4b: In case of societal communication, consumer scepticism increases the positive effect of perceived societal information credibility on perceived brand equity.

3- Research Method

The effects of a firm societal communication on consumer-based brand equity were measured through a between-subjects experimentation framework on 200 French university students with subjects randomly selected to each treatment. Following the European Commission typology of CSR initiatives, the 2x2 design crosses the social or environmental dimension of CSR actions (to increase external validity and generate variance in terms of perceived congruency) and the fact that CSR actions had been audited or not (to generate variance in terms of perceived claim credibility) *vs.* a control group, and totalize five treatments.

Several inadequate sectors were rejected because of their already high societal involvement (e.g., sports products) where ceiling effects could have incurred, or because they were intrinsically controversial (e.g., gaz, alcohol, tobacco) and could therefore boost consumers' suspicion. We finally chose the furniture and home-improvement sector for two main reasons: 1/ as an experience-driven category, it makes the construction of brand equity more critical (Erdem & Swait, 1998); 2/ it permits a realistic manipulation of both social and environmental dimensions of CSR, *ceteris paribus*. The choice of a fictitious brand (Oxo) was made, as in many previous studies (Brown & Dacin, 1997; Ellen et al., 2000; Swaen & Vanhamme, 2005), to avoid effects of prior familiarity.

In previous academic research, many different media were used as stimuli: company profile (Brown & Dacin, 1997), radio scripts (Ellen et al., 2000), press release (Swaen & Vanhamme, 2003, 2004), consumers' associations (Swaen & Vanhamme, 2005) or newspapers articles (Becker-Olsen et al., 2006). In the present research, we consider the brand website for several reasons. Firstly, it facilitates the manipulation of stimuli. Secondly, it is realistic, as real companies use it frequently for societal communication (in the US, 80% of Fortune 500 companies mention their societal involvement on their website, Bhattacharya & Sen, 2004). Indeed, societal communication suppose a highly accessible, but cheap medium of communication (Gauthier & Reynaud, 2005) to avoid being accused to spend more in communication than in societal initiatives themselves (Capelli & Sabadie, 2005). Finally, brand website is a privileged way to target the best brand clients and has a real effect on their attitude (Florès & Volle, 2006) and perception of brand personality (Müller & Chandon, 2002). The brand presentation webpage we used as stimulus was composed of four parts. Three of them were common to the five treatments: "the company history", "key figures", "brand mission". The last one was specific to each of the five versions and controlled for the length of the text (see Annex 1).

To avoid situational biases, the Internet page is only shown to the audience after the questions on individual characteristics (societal consciousness and consumer scepticism) and other distractors. The survey then measures perceived brand equity as well as perceived credibility of the societal claim and perceived company-cause congruency. The constructs are measured with 7-point scales, mostly borrowed from the literature. The reliability of the different scales is satisfactory: customer-based brand equity (four items from Yoo & Donthu, 2001; α=0.88), societal consciousness (five items from François-Lecompte, 2006; α=0.82), consumer scepticism (five items extracted from the suspicion scale of Boyer, Albert, & Valette-Florence, 2006; α=0.74), company-cause congruency (three items from Fleck-Dousteyssier, 2006; α=0.88) and perceived societal information credibility (five items adapted from MacKenzie & Lutz, 1989, and Mimouni, Desmet, De Pechpeyrou, & Parguel, 2006; α=0.79). The constructs are measured by the mean scores of the items constituting their scales.

4- Major Results

The first hypothesis is tested through an ANOVA, which shows a global significant effect of societal communication on brand equity (F=16.34, sig=0.000). Supporting H1, the average perceived brand equity is significantly higher (Mean=3.42) when the firm communicates on its societal initiatives than when it does not (Mean=2.52). Neither the dimension of the societal involvement (environmental *vs.* social) nor the audit dimension influence significantly brand equity. Therefore, the data of these four treatments are pooled together.

The other hypotheses are tested through a linear regression model with brand equity as the dependant variable and societal consciousness, perceived company-cause congruency and perceived societal information credibility as independent variables. The dependant variables account for 13.2% of the variation in brand equity (F=7.67, sig=0.000). Supporting H2, societal consciousness has a positive and significant effect on brand equity (β=0.17, sig=0.030). Along with our expectations, perceived congruency between the firm and the cause it supports influences positively and significantly brand equity (β=0.28, sig=0.001). H3 is then supported. Nevertheless, perceived societal information credibility does not exhibit a significant impact on brand equity though the standardized coefficient has the predicted positive sign (β=0.09, n.s.). H4a is therefore not supported.

To test H4b, we have introduced the interaction effect between perceived claim credibility and scepticism in a new linear regression. The new model appears better than the previous one and its results (R^2=0.176, F=6.40, sig=0.000) give support to a positive and significant interaction effect between societal perceived claim credibility and scepticism on brand equity (β=0.175, sig=0.027). To illuminate this interaction effect, subjects are coded as being either high or low in scepticism on the basis of a median-split of consumer scepticism and correlation analysis are conducted between perceived information credibility and brand equity on both groups of consumers. The results exhibit a significant and positive correlation in the case of highly sceptical consumers (Pearson correlation=0.29, sig.=0.019) but no correlation in the case of less sceptical consumers (Pearson correlation=0.04, n.s.). It is then clear that perceived societal information credibility has a positive and significant effect on brand equity but only in the case of highly sceptical consumers. H4b is therefore supported.

5- Discussion

In the present research, we investigate the role of societal communication in brand equity building. Using an experimental design, we exposed subjects to one of five versions of a “brand presentation” webpage, varying across two dimensions: the presence and nature of societal communication. We measured brand equity afterwards, as well as different situational and individual constructs. In line with Keller’s (2003) brand equity building framework, we validate that societal communication has a positive impact on brand equity. Furthermore, we show that several individual and situational factors reinforce the impact of societal communication on brand equity. Brand equity is higher for highly socially conscious people and in case of high congruency between the firm and the cause it supports. Claim credibility does not influence brand equity in general, but it does so for people showing a high level of scepticism.

The primary meaningful implication for managers and academics is then a first piece of evidence of the real positive impact of societal claims on customer-based brand equity. In line with the general assumption that an alliance with another entity generates associations’ transfers that contribute to modify or reinforce brand equity, we validate that communicating about societal initiatives to consumers also reinforce brand equity. This should encourage companies already engaged in sustainable development programs to communicate more openly and transparently about their involvement, which is all the more attractive since societal consciousness is currently increasing. Furthermore, even when competitors benefit from a strong pioneer effect, societal communication may decrease the uniqueness of their CSR associations and erode their differentiated brand image and relative brand equity.
Another managerial implication of this research lies in the importance of perceived credibility in a context of increasing consumer scepticism. Firms should then choose highly credible media to communicate, preferring societal reporting, audited publication of societal results, codes of conduct or social labelling to traditional advertising or even sponsorships. From this point of view, communicating on the brand website gives the message an institutional dimension, which confers to it a certain degree of credibility and presents the advantage of a large and targeted audience.

Finally, we cannot ignore several limitations. First of all, we can underline methodological limitations, regarding sample size and nature, namely 200 University students. Furthermore, we chose to focus on only one type of communication medium to eliminate this specific source of variance, but recognize it would be very interesting to generalize results to several media or on the contrary explain different effects between different media.

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Annex 1 – Experimental stimulus (treatment “audited environmental involvement”)